

Public Utilities Commission

Analyst: Smith

Historical Summary

OPERATING BUDGET	FY 2019 Total App	FY 2019 Actual	FY 2020 Approp	FY 2021 Request	FY 2021 Gov Rec
BY FUND CATEGORY					
Dedicated	8,776,000	7,143,300	6,301,700	6,275,000	6,214,600
Federal	325,900	194,200	332,800	340,200	336,600
Total:	9,101,900	7,337,500	6,634,500	6,615,200	6,551,200
Percent Change:		(19.4%)	(9.6%)	(0.3%)	(1.3%)
BY OBJECT OF EXPENDITURE					
Personnel Costs	4,666,000	4,132,700	4,523,000	4,666,200	4,585,000
Operating Expenditures	3,635,500	2,925,200	2,041,100	1,949,000	1,966,200
Capital Outlay	800,400	279,600	70,400	0	0
Total:	9,101,900	7,337,500	6,634,500	6,615,200	6,551,200
Full-Time Positions (FTP)	52.00	52.00	49.00	49.00	49.00

Department Description

The Idaho Public Utilities Commission (PUC) was established by the 12th Session of the Idaho Legislature and was organized on May 8, 1913. The commission oversees the intrastate operation of investor-owned electric, gas, water, telecommunications utilities, pipelines, and railroads. The commission does not regulate publicly-owned municipal or cooperative utilities. The commission serves the citizens and utilities of Idaho by determining fair, just, and reasonable rates for utility commodities and services to be delivered safely, reliably, and efficiently. After the Legislature removed the motor carrier function from the commission in 1999, the Administration, Utilities, and Regulated Carriers Programs were combined into one program for budgeting purposes. The PUC is divided internally into two divisions: 1) Administration and 2) Utilities.

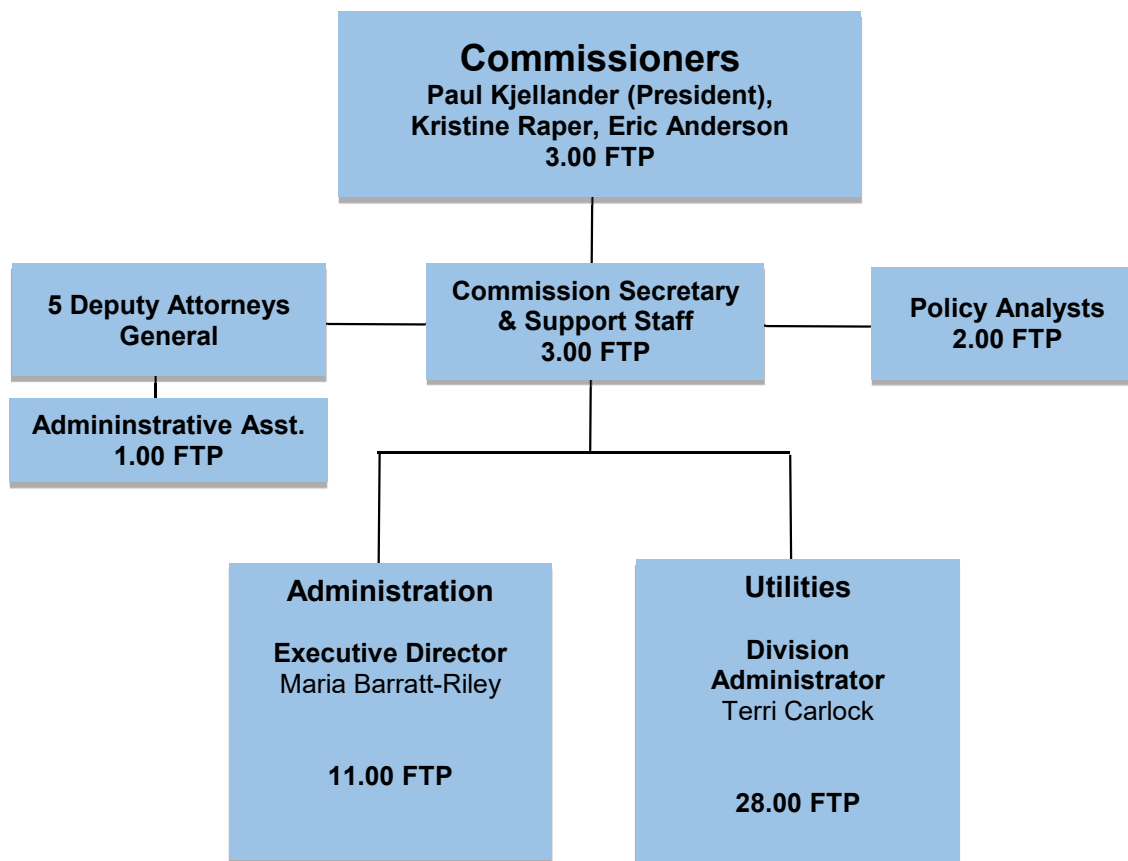
The Administration Division has management, fiscal, personnel, public affairs, pipeline safety, and railroad safety responsibilities. It provides support services for the agency (Sections 61-301 through 337, Idaho Code). The pipeline safety section oversees the safe operation of interstate oil and natural gas pipelines in Idaho. The rail section oversees the safe operations of railroads that move freight through Idaho and enforces state and federal regulations safeguarding the transportation of hazardous materials by rail. The PUC is federally preempted from regulating railroad rates, charges, routes, and service; but it can still regulate non-economic railroad operations such as abandonment proceedings, enforcing safety regulations, establishing clearance safety rules, and deciding grade crossing disputes. The commission has also entered into a joint state-federal program with the Federal Railroad Administration to promote and enforce federal safety regulations relating to the transportation of hazardous materials by rail in Idaho.

The Utilities Division has audit, engineering, telecommunications, technical analysis, and consumer assistance responsibilities. The audit section advises the commission on auditing, accounting, financing, income tax, and security issues. It participates in all rate cases to determine proper income, expenses, rate bases, and revenue requirements. The engineering, telecommunications, and technical analysis sections are primarily responsible for economic and engineering analysis of rates, rate design, and cost-of-service and technical evaluations of company proposals. The consumer assistance section is responsible for handling customer complaints and specialized information requests.

Programs are funded by the Public Utilities Commission (PUC) Fund which consists of fees collected from the regulated utilities (telecommunications, power, natural gas, and water corporations) in an amount not more than 0.3% of their intrastate revenues (Section 61-1004, Idaho Code) and from railroad corporations, not more than 1% of the gross operating revenues derived from the intrastate business. The pipeline safety program is also partially funded with a federal grant from the US Department of Transportation. In prior years, General Fund expenditures for the salaries and benefits of the commissioners (Section 61-1009, Idaho Code) were reimbursed to the General Fund at year-end from the PUC Fund. However, beginning in FY 2001, the law was changed and commissioners' salaries are now paid from the PUC Fund.

Public Utilities Commission Organizational Chart

Analyst: Smith



Total Authorized FTP: 49.00
Vacant FTP: 7.00
(as of 12/1/2019)

Open LSO Audit Findings Report can be found at:
<https://legislature.idaho.gov/lso/audit/management-followup/>

Performance Report can be found at:
<https://dfm.idaho.gov/Publications/BB/perfreport/>

Cases Managed and/or Key Services Provided	FY 2016	FY 2017	FY 2018	FY 2019
10. Number of rail hazardous material inspections.	73	116	182	216
11. Number of rail abandonment investigations.	0	0	1	0

Red Tape Reduction Act

Each agency shall incorporate into its strategic plan a summary of how it will implement the Red Tape Reduction Act, including any associated goals, objectives, tasks, or performance targets. This information may be included as an addendum.

	As of July 1, 2019
Number of Chapters	15
Number of Words	87,474
Number of Restrictions	1198

Part II – Performance Measures

Performance Measure		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Manage and coordinate the administrative activities of the Idaho Public Utilities Commission efficiently and effectively as well as facilitate the efficient management of cases being considered by the Commission.						
1. Percent of all cases open for more than one year that were closed in this fiscal year.	actual	48	24	27	25	-----
	target	20	20	20	20	20
2. Number of comprehensive audits completed this fiscal year.	actual	23	17	28	22	-----
	target	7	7	7	7	7
3. Number of annual reports reviewed this fiscal year	actual	27	21	31	21	-----
	target	20	20	20	20	20
4. Average number of days needed to respond to inquiries and resolve informal complaints	actual	5	5	6	5	-----
	target	10	10	10	5	5
5. Number of inspection units audited.	actual	35	14	14	22	-----
	target	12	12	12	15	15
6. Number of inspection days this fiscal year	actual	245	262	416	295	-----
	target	100	100	100	325	325
7. HAZMAT inspections conducted this fiscal year	actual	73	116	182		-----
	target	125	125	125	100	100
8. Percent of proposed rail abandonments investigated	actual	100	100	100	100	-----
	target	100	100	100	100	100



Idaho Legislative Services Office
Legislative Audits Division

PUBLIC UTILITIES COMMISSION

April Renfro, Manager

SUMMARY

PURPOSE OF MANAGEMENT REVIEW

We conducted a management review of the Public Utilities Commission (Commission) covering the fiscal years ended 2016, 2017, and 2018. Our review covered general administrative procedures and accounting controls to determine that activities are properly recorded and reported.

The intent of this review was not to express an opinion but to provide general assurance on internal controls and to raise the awareness of management and others of any conditions and control weaknesses that may exist and offer recommendations for improvement.

CONCLUSION

We identified deficiencies in the general administrative and accounting controls of the Commission.

FINDINGS AND RECOMMENDATIONS

There is one finding and recommendation in this report.

Finding 1 – Federal grant expenditures and reimbursements are not reconciled between the Statewide Accounting and Reporting System (STARS) and federal grant reports that created errors in amounts reported on the Schedule of Expenditures of Federal Awards (SEFA).

The complete finding is detailed on pages 1 through 3 of this report.

PRIOR FINDINGS AND RECOMMENDATIONS

There were no findings and recommendations in the prior report.

AGENCY RESPONSE

The Commission has reviewed the report and is in general agreement with the contents.

FINANCIAL INFORMATION

The following fiscal year 2018 financial data is for informational purposes only.

Fund No.	Fund Title	Beginning	Receipts/ Transfers-In	Disbursements/ Transfers-Out	Ending
		Appropriation/ Cash Balance			Appropriation/ Cash Balance
0125	Indirect Cost Recovery*	\$47,349	\$71,971	\$113,002	\$6,318
0229	State Regulatory	5,917,682	5,451,743	5,936,522	5,432,903
0348	Federal**	(55,752)	245,186	240,949	(51,515)
	Total	\$5,909,279	\$5,768,900	\$6,290,473	\$5,387,706

* The fund has a borrowing limit of \$40,000 established for cash flow purposes.

** The fund has a borrowing limit of \$200,000 established for cash flow purposes.

Public Utilities Commission

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FY 2019 Actual Expenditures by Division

		FTP	PC	OE	CO	T/B	LS	Total
0.30	FY 2019 Original Appropriation							
0125-00	Ded	0.00	0	219,300	0	0	0	219,300
0229-20	Ded	48.75	4,409,300	1,654,300	73,800	0	0	6,137,400
0348-00	Fed	3.25	256,700	69,200	0	0	0	325,900
Totals:		52.00	4,666,000	1,942,800	73,800	0	0	6,682,600
0.43	Supplementals							
0229-20	Ded	0.00	0	1,692,700	726,600	0	0	2,419,300
Totals:		0.00	0	1,692,700	726,600	0	0	2,419,300
1.00	FY 2019 Total Appropriation							
0125-00	Ded	0.00	0	219,300	0	0	0	219,300
0229-20	Ded	48.75	4,409,300	3,347,000	800,400	0	0	8,556,700
0348-00	Fed	3.25	256,700	69,200	0	0	0	325,900
Totals:		52.00	4,666,000	3,635,500	800,400	0	0	9,101,900
1.21	Net Object Transfer							
0229-20	Ded	0.00	(400,000)	400,000	0	0	0	0
Totals:		0.00	(400,000)	400,000	0	0	0	0
1.61	Reverted Appropriation							
0125-00	Ded	0.00	0	(194,400)	0	0	0	(194,400)
0348-00	Fed	0.00	(114,800)	(16,900)	0	0	0	(131,700)
Totals:		0.00	(114,800)	(211,300)	0	0	0	(326,100)
1.71	Current Year Reappropriation							
0229-20	Ded	0.00	(18,500)	(899,000)	(520,800)	0	0	(1,438,300)
Totals:		0.00	(18,500)	(899,000)	(520,800)	0	0	(1,438,300)
2.00	FY 2019 Actual Expenditures							
0125-00	Ded	0.00	0	24,900	0	0	0	24,900
Indirect Cost Recovery			0	24,900	0	0	0	24,900
0229-20	Ded	48.75	3,990,800	2,848,000	279,600	0	0	7,118,400
Public Utilities Commission			3,990,800	2,848,000	279,600	0	0	7,118,400
0348-00	Fed	3.25	141,900	52,300	0	0	0	194,200
Federal Grant			141,900	52,300	0	0	0	194,200
Totals:		52.00	4,132,700	2,925,200	279,600	0	0	7,337,500
Difference: Actual Expenditures minus Total Appropriation								
0125-00	Ded		0	(194,400)	0	0	0	(194,400)
Indirect Cost Recovery			N/A	(88.6%)	N/A	N/A	N/A	(88.6%)
0229-20	Ded		(418,500)	(499,000)	(520,800)	0	0	(1,438,300)
Public Utilities Commission			(9.5%)	(14.9%)	(65.1%)	N/A	N/A	(16.8%)
0348-00	Fed		(114,800)	(16,900)	0	0	0	(131,700)
Federal Grant			(44.7%)	(24.4%)	N/A	N/A	N/A	(40.4%)
Difference From Total Approp			(533,300)	(710,300)	(520,800)	0	0	(1,764,400)
Percent Diff From Total Approp			(11.4%)	(19.5%)	(65.1%)	N/A	N/A	(19.4%)

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2020 Original Appropriation	49.00	0	6,634,500	49.00	0	6,634,500
Reappropriation	0.00	0	1,438,300	0.00	0	1,438,300
Sick Leave Rate Reduction	0.00	0	0	0.00	0	(10,500)
FY 2020 Total Appropriation	49.00	0	8,072,800	49.00	0	8,062,300
Removal of Onetime Expenditures	0.00	0	(1,525,500)	0.00	0	(1,525,500)
Restore Ongoing Rescissions	0.00	0	0	0.00	0	10,500
FY 2021 Base	49.00	0	6,547,300	49.00	0	6,547,300
Benefit Costs	0.00	0	107,800	0.00	0	(16,400)
Replacement Items	0.00	0	28,200	0.00	0	28,200
Statewide Cost Allocation	0.00	0	(103,500)	0.00	0	(103,500)
Change in Employee Compensation	0.00	0	35,400	0.00	0	70,300
FY 2021 Program Maintenance	49.00	0	6,615,200	49.00	0	6,525,900
1. Commissioner CEC	0.00	0	0	0.00	0	8,100
OITS 1 - Operating Costs	0.00	0	0	0.00	0	600
OITS 2 - Servers and Licensing	0.00	0	0	0.00	0	16,600
FY 2021 Total	49.00	0	6,615,200	49.00	0	6,551,200
Change from Original Appropriation	0.00	0	(19,300)	0.00	0	(83,300)
% Change from Original Appropriation			(0.3%)			(1.3%)

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2020 Original Appropriation					
The Legislature funded two line items for FY 2020: These included \$11,700 for a CEC for Commissioners; and a reduction of 3.00 FTP and \$184,200 for technology consolidation and modernization.					
	49.00	0	6,301,700	332,800	6,634,500
Reappropriation					
The Public Utilities Commission was authorized to reappropriate or carryover its unencumbered and unspent dedicated fund balances of amounts appropriated for the agency's Chinden Campus relocation from FY 2019 into FY 2020, pursuant to Section 4 of S1149 of 2019. Carryover required legislative approval and is removed as a onetime expenditure before calculating the FY 2021 Base.					
Agency Request	0.00	0	1,438,300	0	1,438,300
Governor's Recommendation	0.00	0	1,438,300	0	1,438,300
Sick Leave Rate Reduction					
Agency Request	0.00	0	0	0	0
The Governor recommends a six-month reduction of funding for employers who contribute to the PERSI-managed sick leave plan. This reduction will begin to draw down the reserve balance, which has grown significantly during the past several years.					
Governor's Recommendation	0.00	0	(9,900)	(600)	(10,500)
FY 2020 Total Appropriation					
Agency Request	49.00	0	7,740,000	332,800	8,072,800
Governor's Recommendation	49.00	0	7,730,100	332,200	8,062,300
Removal of Onetime Expenditures					
This action removes onetime amounts appropriated and reappropriated in FY 2020 before calculating the FY 2021 Base.					
Agency Request	0.00	0	(1,525,500)	0	(1,525,500)
Governor's Recommendation	0.00	0	(1,525,500)	0	(1,525,500)
Restore Ongoing Rescissions					
Agency Request	0.00	0	0	0	0
The Governor recommends restoration of the sick leave rate reduction.					
Governor's Recommendation	0.00	0	9,900	600	10,500
FY 2021 Base					
Agency Request	49.00	0	6,214,500	332,800	6,547,300
Governor's Recommendation	49.00	0	6,214,500	332,800	6,547,300
Benefit Costs					
Employer-paid benefit changes include an 18.9% increase (or \$2,200 per eligible FTP) for health insurance, bringing the total appropriation to \$13,850 per FTP. Also included are a one-year elimination of the unemployment insurance rate, a restoration of the Division of Human Resources rate, and adjustments to workers' compensation that vary by agency.					
Agency Request	0.00	0	102,600	5,200	107,800
The Governor recommends no increase for health insurance due to fewer claims than expected and changes to federal tax policies; a one-year elimination of the sick leave rate and the unemployment insurance rate; restoration of the Division of Human Resources rate; and adjustments for workers' compensation rates.					
Governor's Recommendation	0.00	0	(15,700)	(700)	(16,400)
Replacement Items					
The agency requests \$28,200 in onetime operating expenditures from the Public Utilities Commission Fund for software maintenance of various office applications.					
Agency Request	0.00	0	28,200	0	28,200
Governor's Recommendation	0.00	0	28,200	0	28,200

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Statewide Cost Allocation					
This request includes adjustments to recover the cost of services provided by other agencies in accordance with federal and state guidelines on cost allocation. Attorney General fees will decrease by \$106,400, risk management costs will increase by \$500, and State Controller fees will increase by \$2,400, for a net reduction of \$103,500.					
Agency Request	0.00	0	(103,500)	0	(103,500)
Governor's Recommendation	0.00	0	(103,500)	0	(103,500)
Change in Employee Compensation					
For calculation purposes, agencies were directed to include the cost of a 1% salary increase for permanent and temporary employees.					
Agency Request	0.00	0	33,200	2,200	35,400
The Governor recommends a 2% increase in employee compensation, distributed on merit. He does not recommend a compensation increase for group and temporary positions.					
Governor's Recommendation	0.00	0	65,800	4,500	70,300
FY 2021 Program Maintenance					
Agency Request	49.00	0	6,275,000	340,200	6,615,200
Governor's Recommendation	49.00	0	6,189,300	336,600	6,525,900
1. Commissioner CEC					
Agency Request	0.00	0	0	0	0
The Governor recommends a 2% salary increase for commissioners. This increases the annual salary from \$110,074 to \$112,275. Legislation is required to make this change.					
Governor's Recommendation	0.00	0	8,100	0	8,100
OITS 1 - Operating Costs					
Agency Request	0.00	0	0	0	0
The Governor recommends this agency's share of ongoing funding to pay the Office of Information Technology Services for security software and data center office space located at the Chinden Campus.					
Governor's Recommendation	0.00	0	600	0	600
OITS 2 - Servers and Licensing					
Agency Request	0.00	0	0	0	0
The Governor recommends this agency's onetime share of funding for software licensing, server infrastructure, and storage to expand system capabilities on core systems and to maintain agency-specific software.					
Governor's Recommendation	0.00	0	16,600	0	16,600
FY 2021 Total					
Agency Request	49.00	0	6,275,000	340,200	6,615,200
Governor's Recommendation	49.00	0	6,214,600	336,600	6,551,200
Agency Request					
Change from Original App	0.00	0	(26,700)	7,400	(19,300)
% Change from Original App	0.0%		(0.4%)	2.2%	(0.3%)
Governor's Recommendation					
Change from Original App	0.00	0	(87,100)	3,800	(83,300)
% Change from Original App	0.0%		(1.4%)	1.1%	(1.3%)